

Utah Economic Update May 2009

Prepared for:

Utah Legislature
Revenue and Taxation Interim Committee

May 20, 2009

Sneak Preview

- Multiple indicators show that Utah's economy has slowed
- Despite this definite slowdown, so far Utah has fared better than many other states

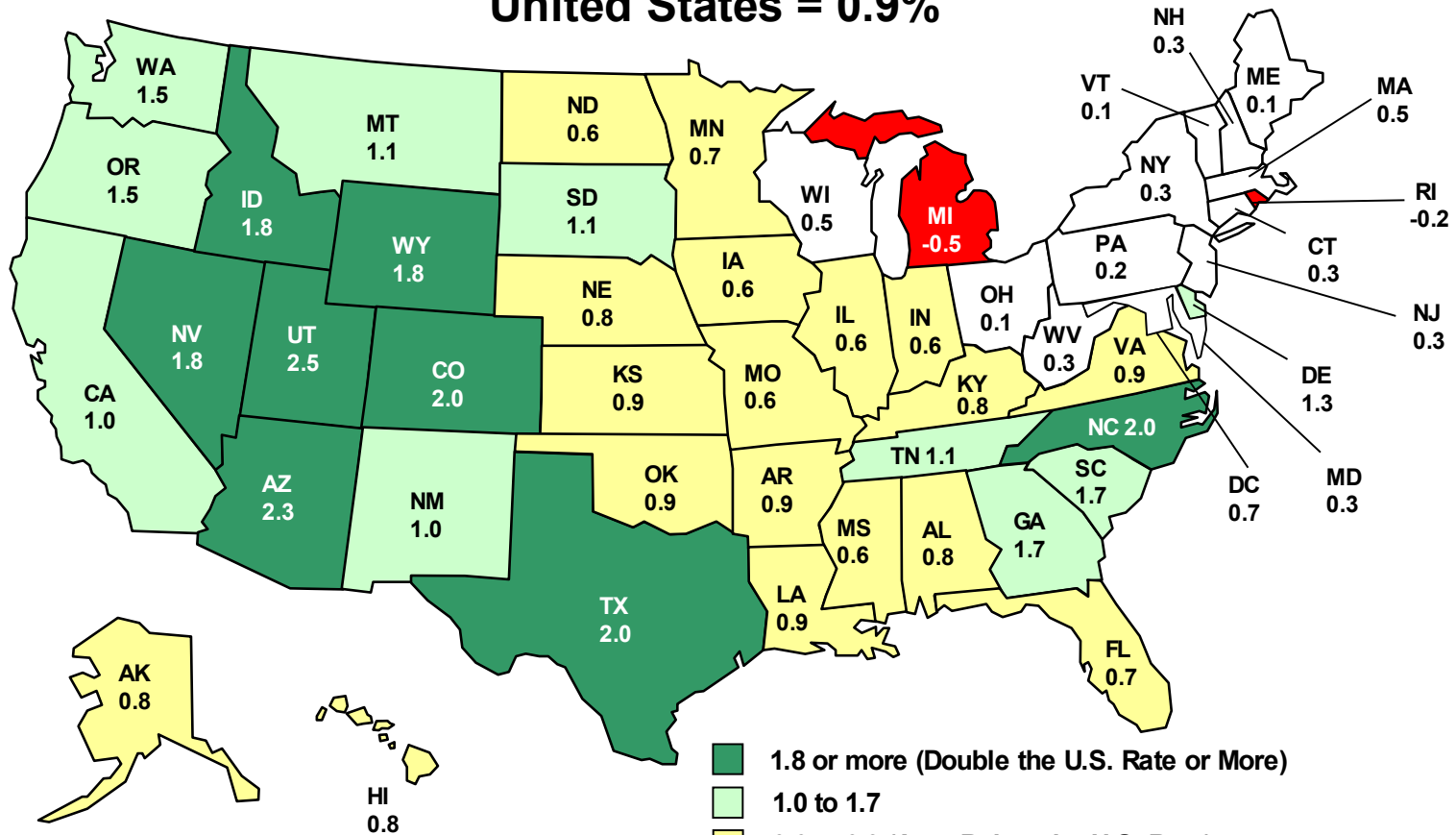
Presentation Outline

- Population - Phil
- Employment - Bryant
- Housing - Phil
- Construction Permits - Bryant
- Revenues - Phil

Utah

The Fastest Growing State in 2008

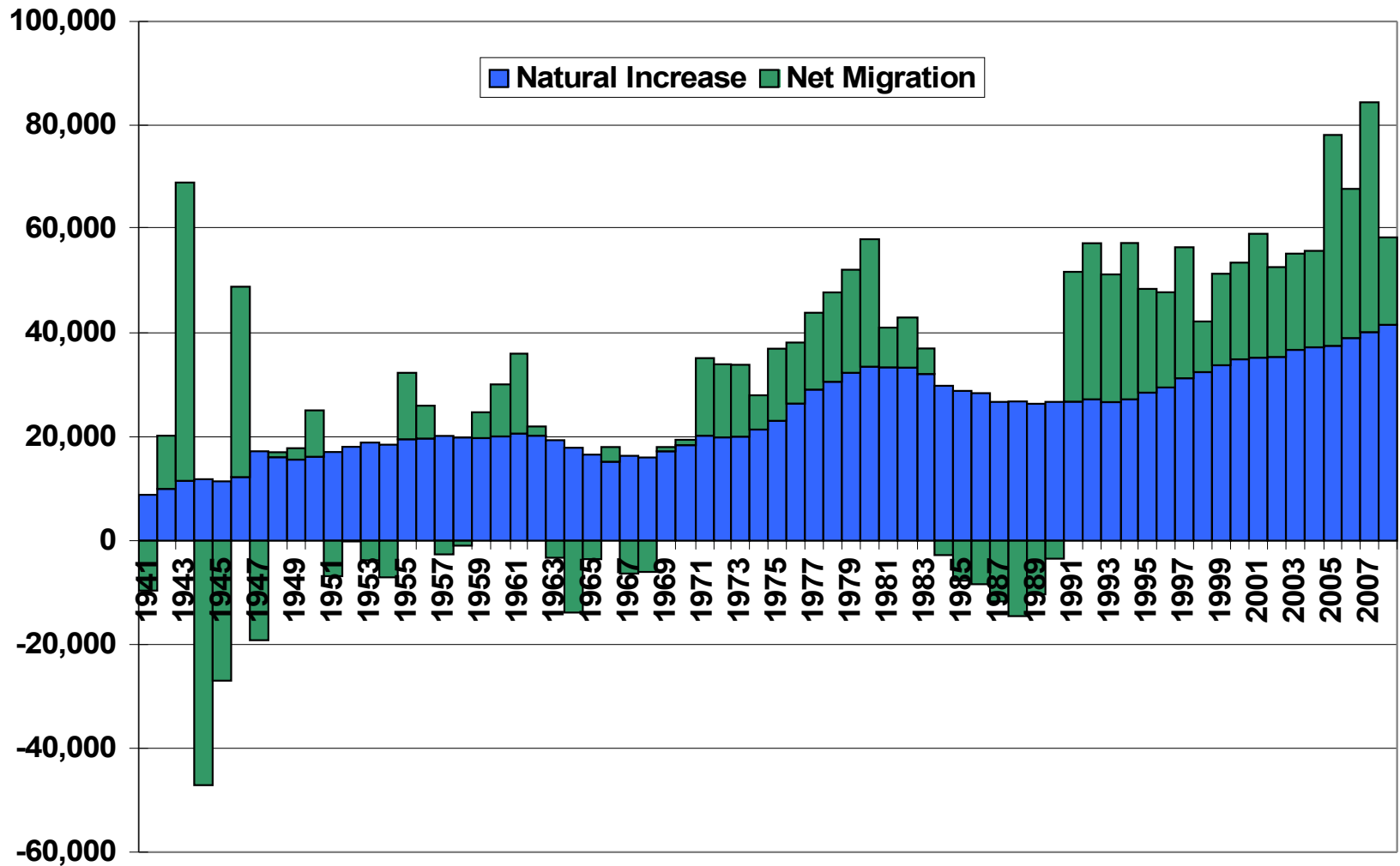
Percent Change in Population for States: 2007 to 2008
United States = 0.9%



- 1.8 or more (Double the U.S. Rate or More)
- 1.0 to 1.7
- 0.6 to 0.9 (At or Below the U.S. Rate)
- 0.0 to 0.5
- < 0.0 (Population Loss)

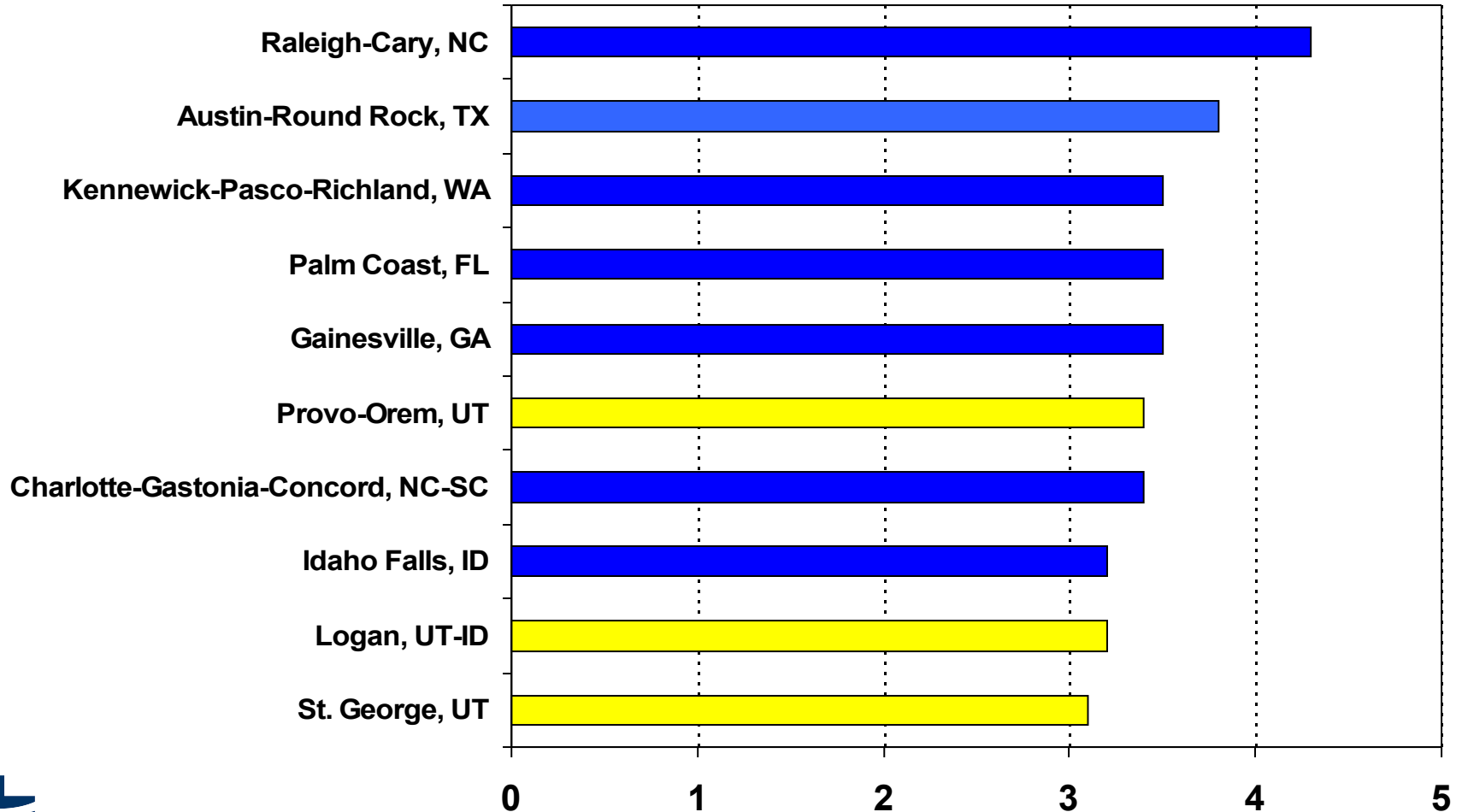
Source:
 Governor's Office of Planning and Budget
 & US Census Bureau

Components of Utah Population Change



Ten Fastest Growing Metropolitan Areas

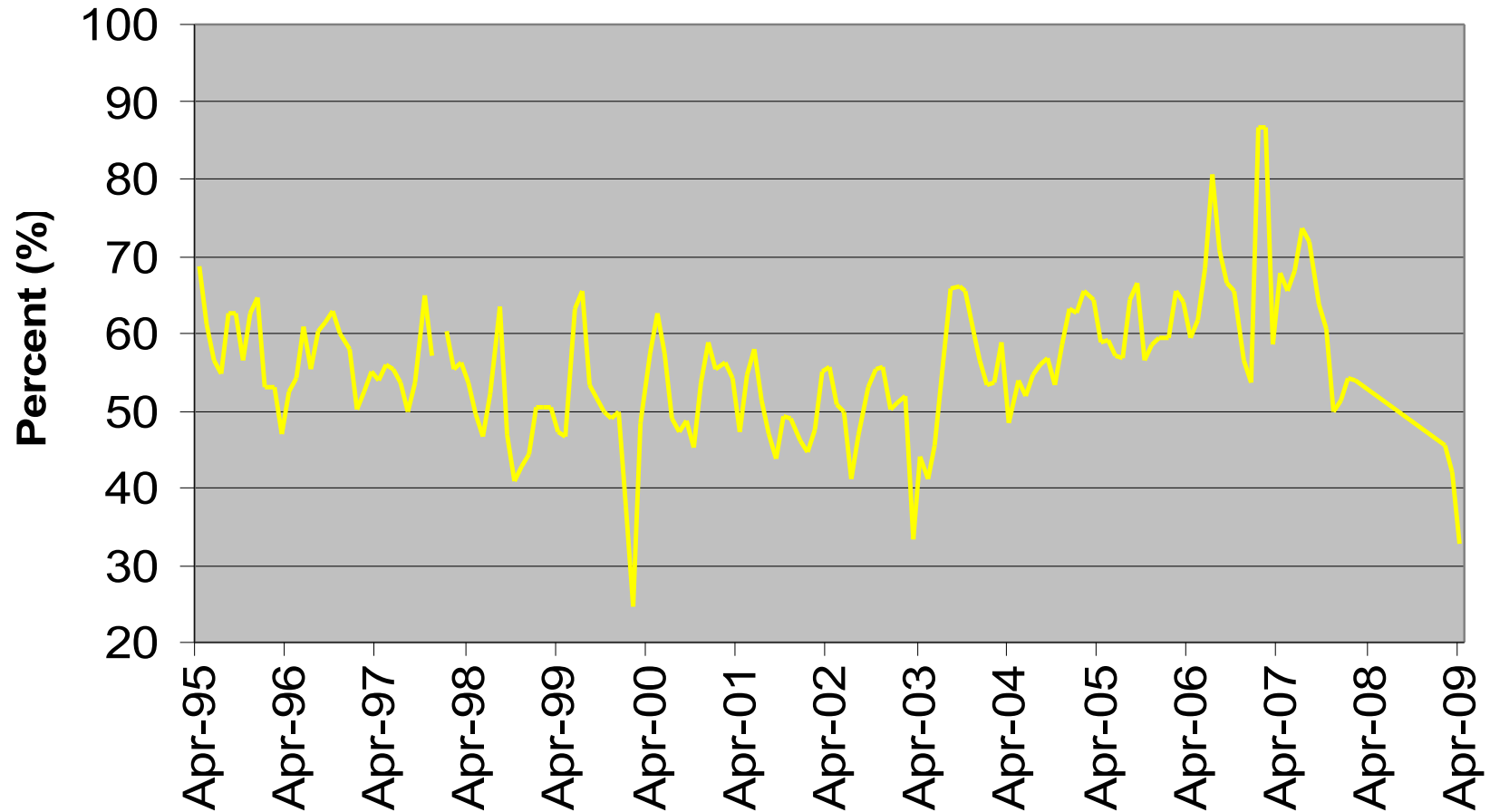
July 2007 to July 2008



Utah Business Conditions Index

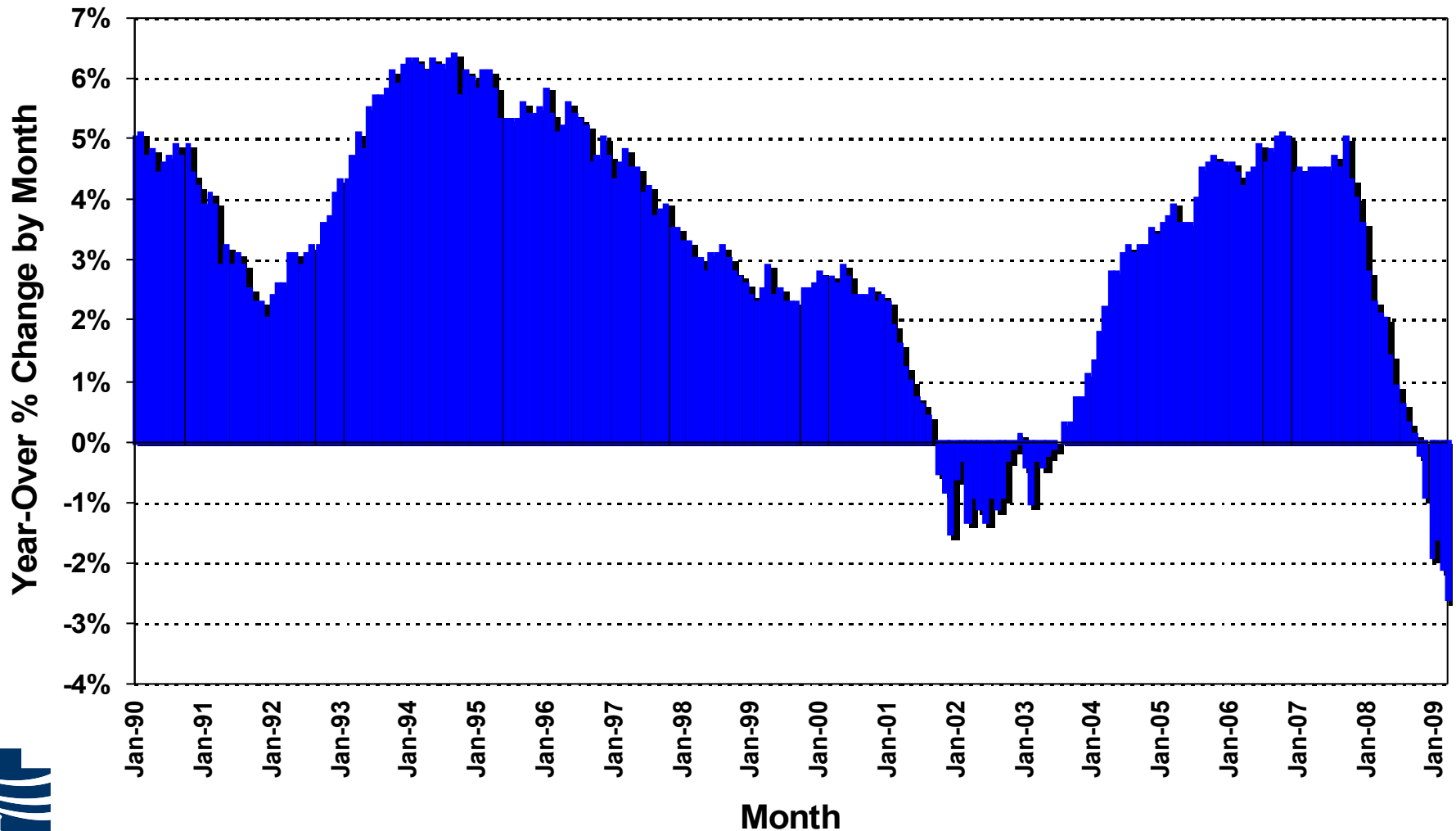
1995 to April 2009

April



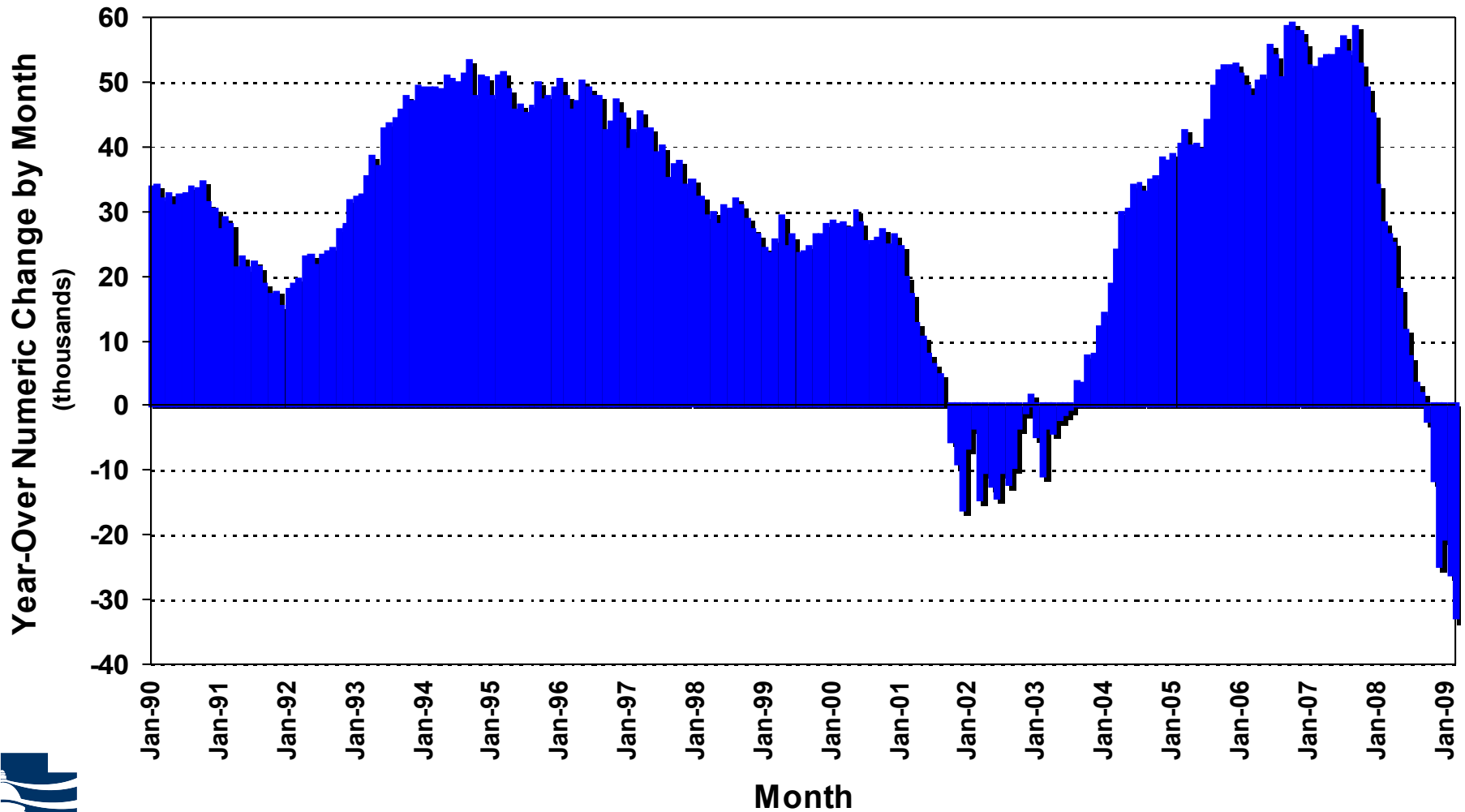
Utah Employment Growth Rate

January 1990 to March 2009



Utah Employment Change

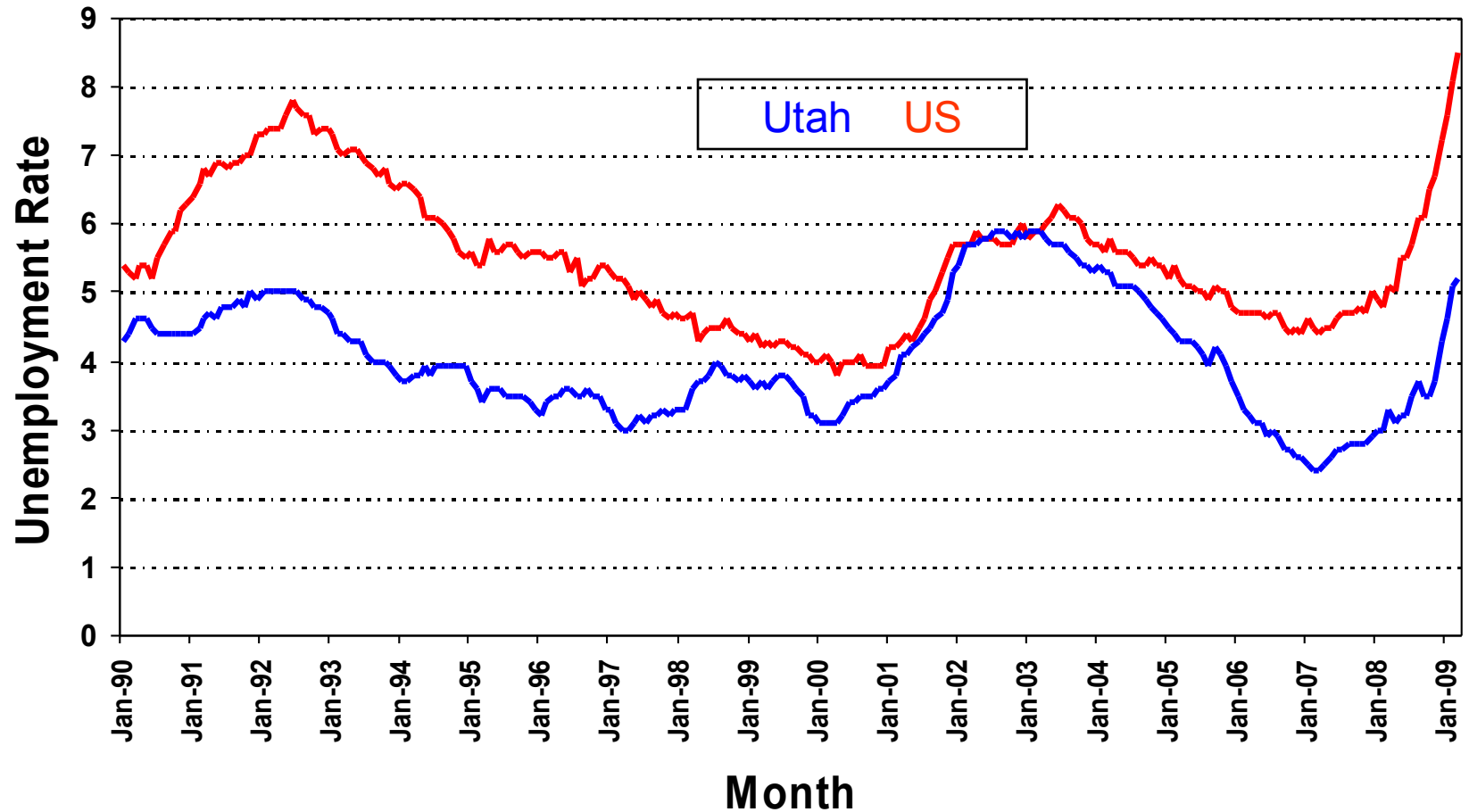
January 1990 to March 2009



Unemployment Rate

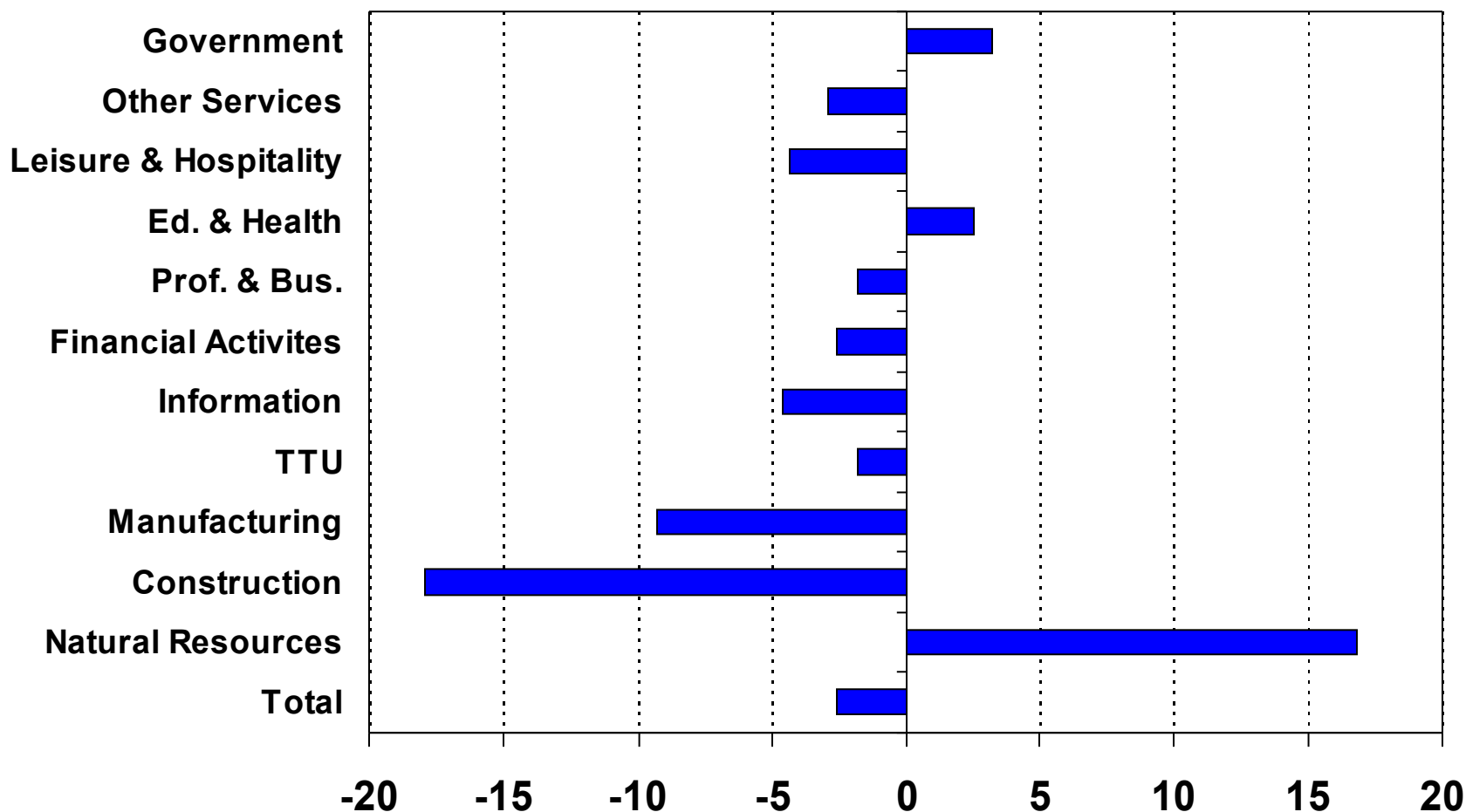
Utah and the US

January 1990 to March 2009



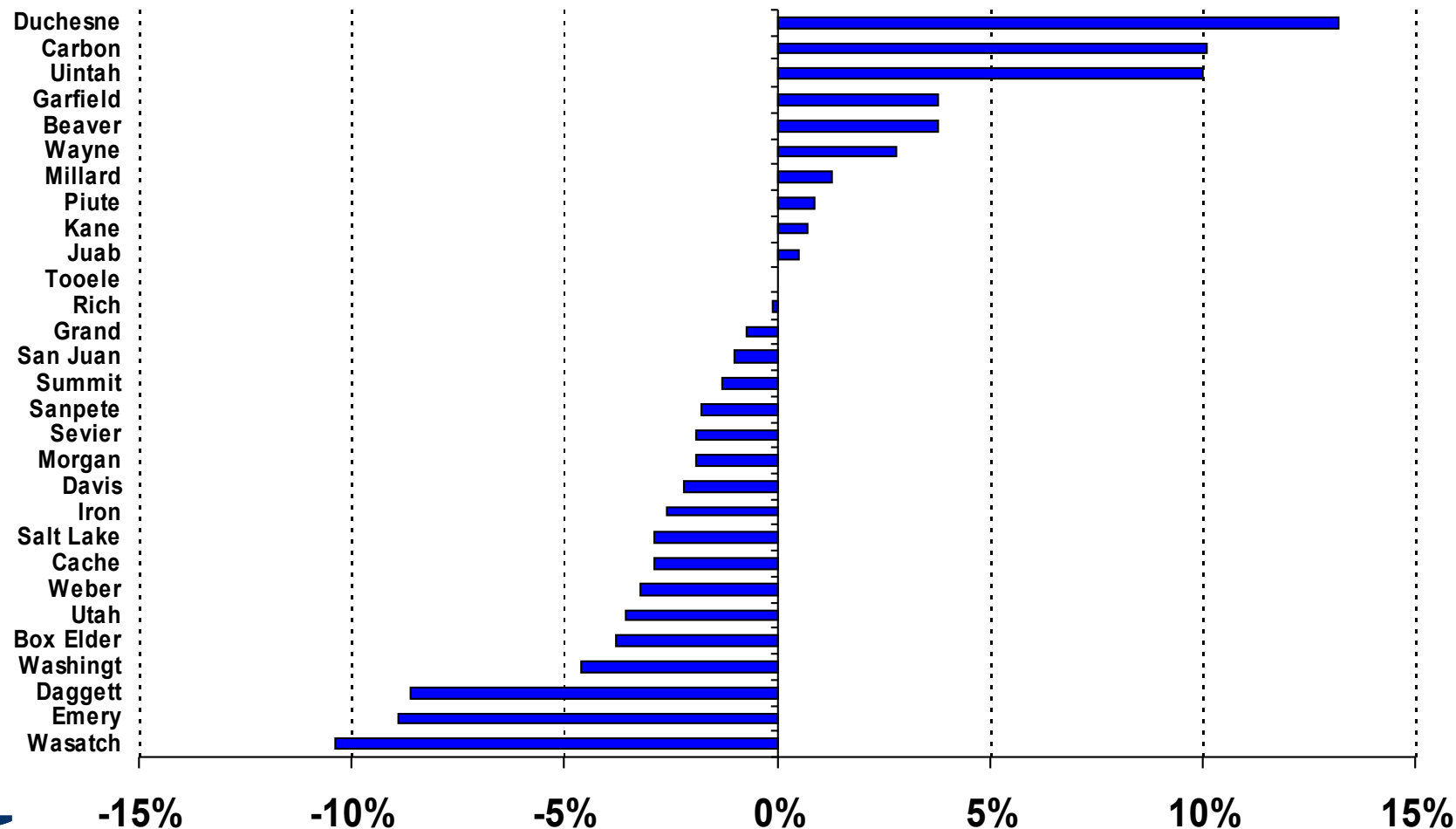
Utah Employment Growth Rate by Industry

March 2008 – March 2009



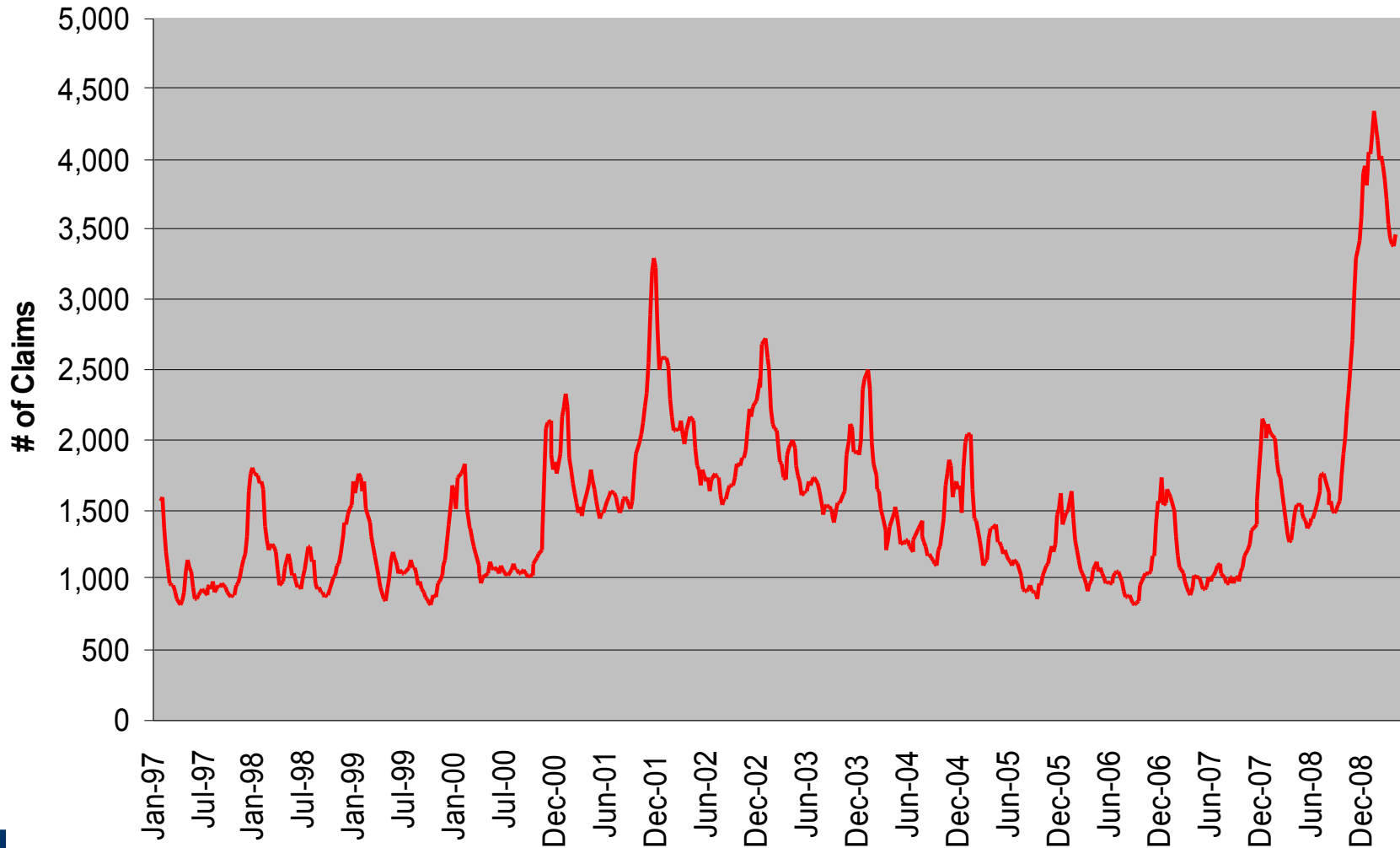
Utah Nonfarm Job Growth by County

Percent Change March 2008 - 2009



Unemployment Insurance Initial Claims

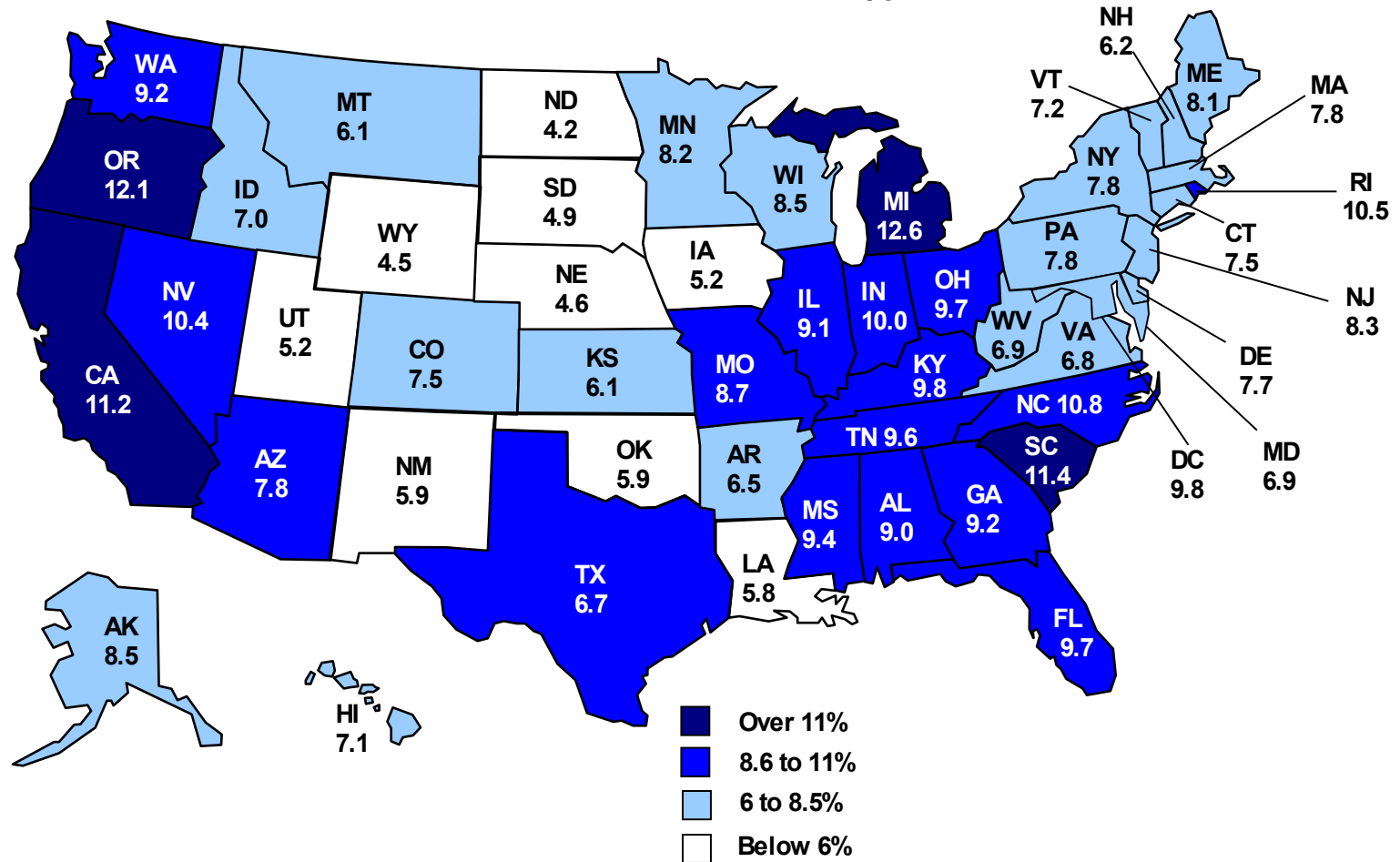
Four-week Average January 1997 to April 2009



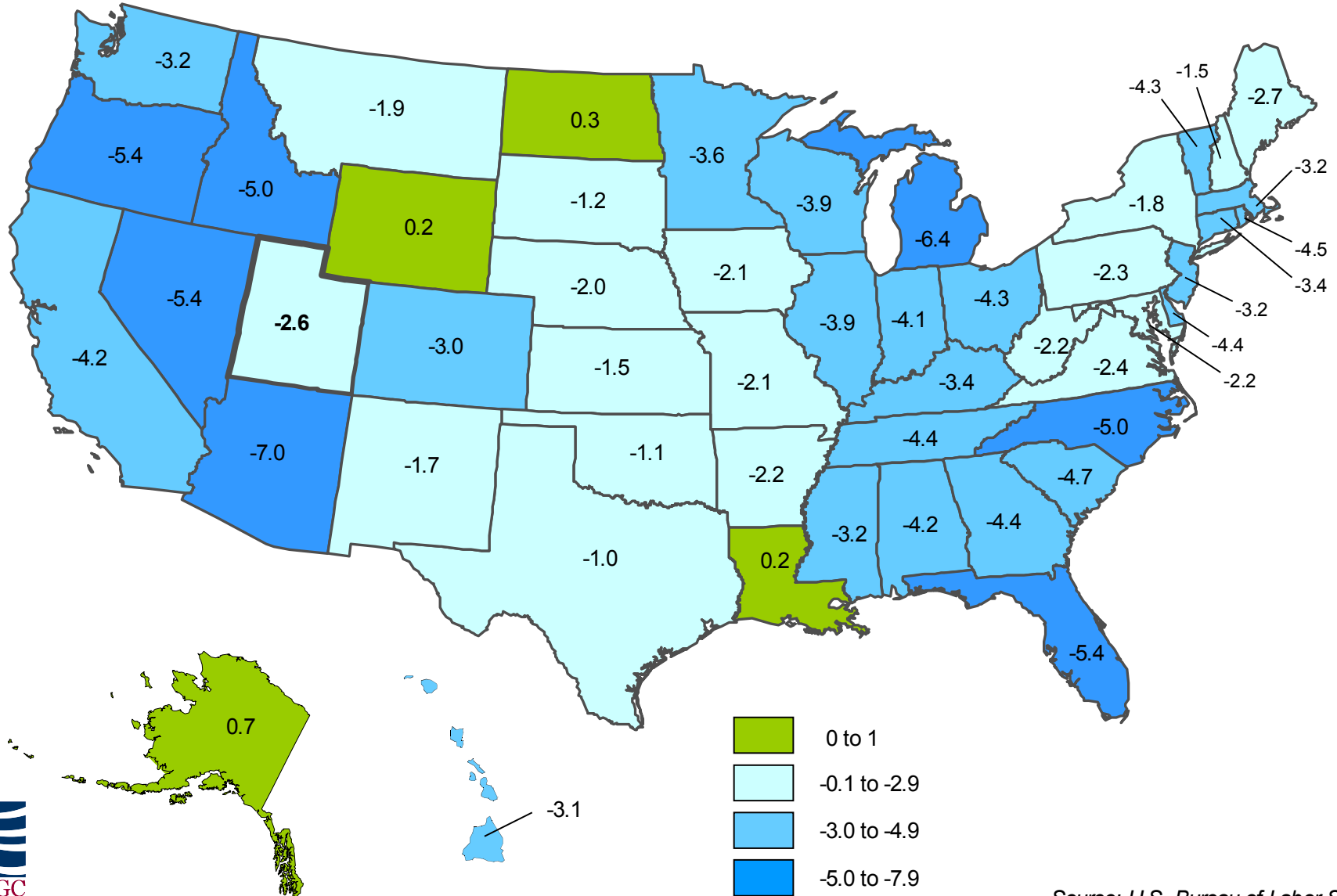
State Unemployment Rates

March 2009 Seasonally Adjusted

United States = 8.5%

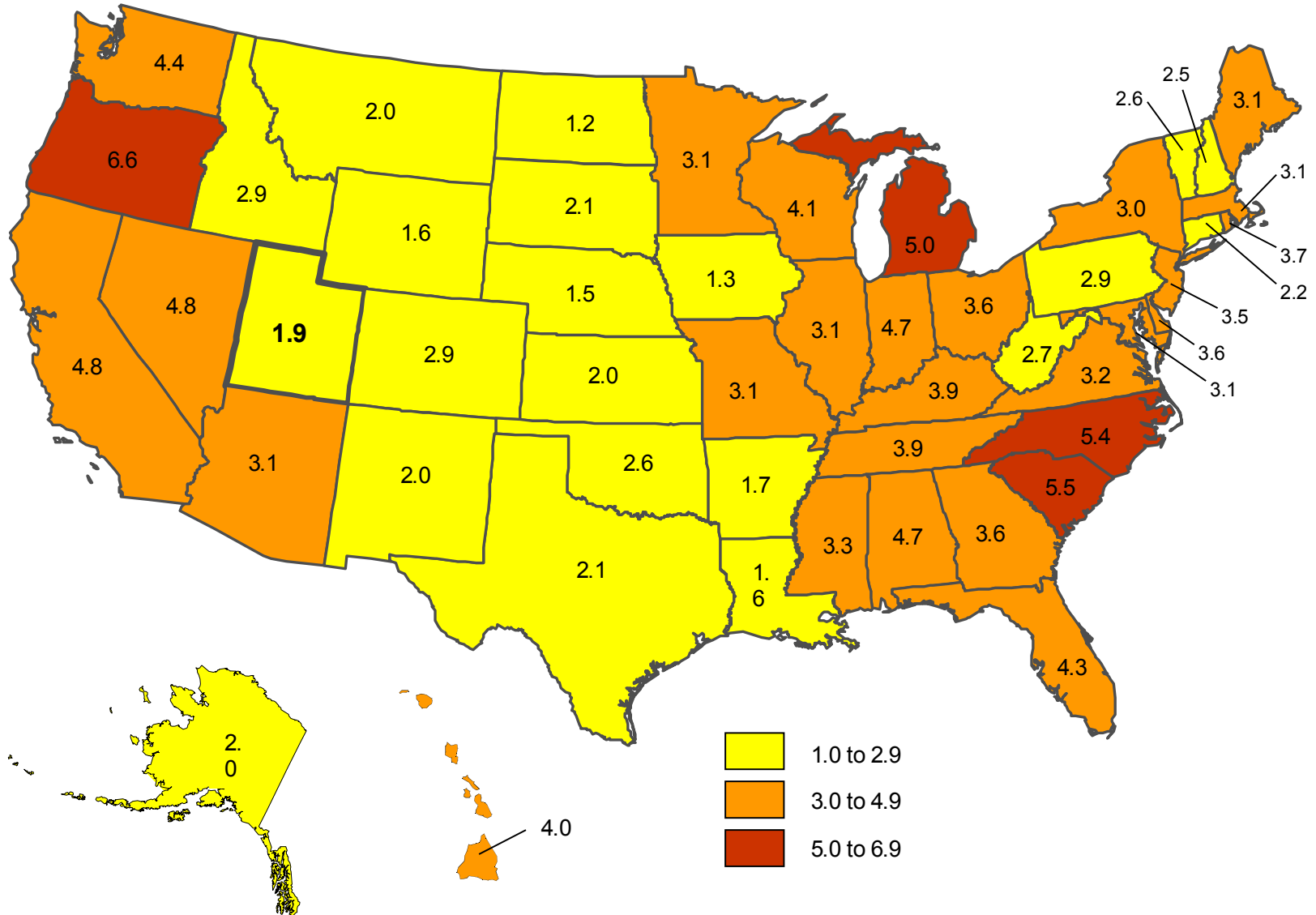


Percentage Point Change in Employment March 2008-2009



Unemployment Percentage Point Change

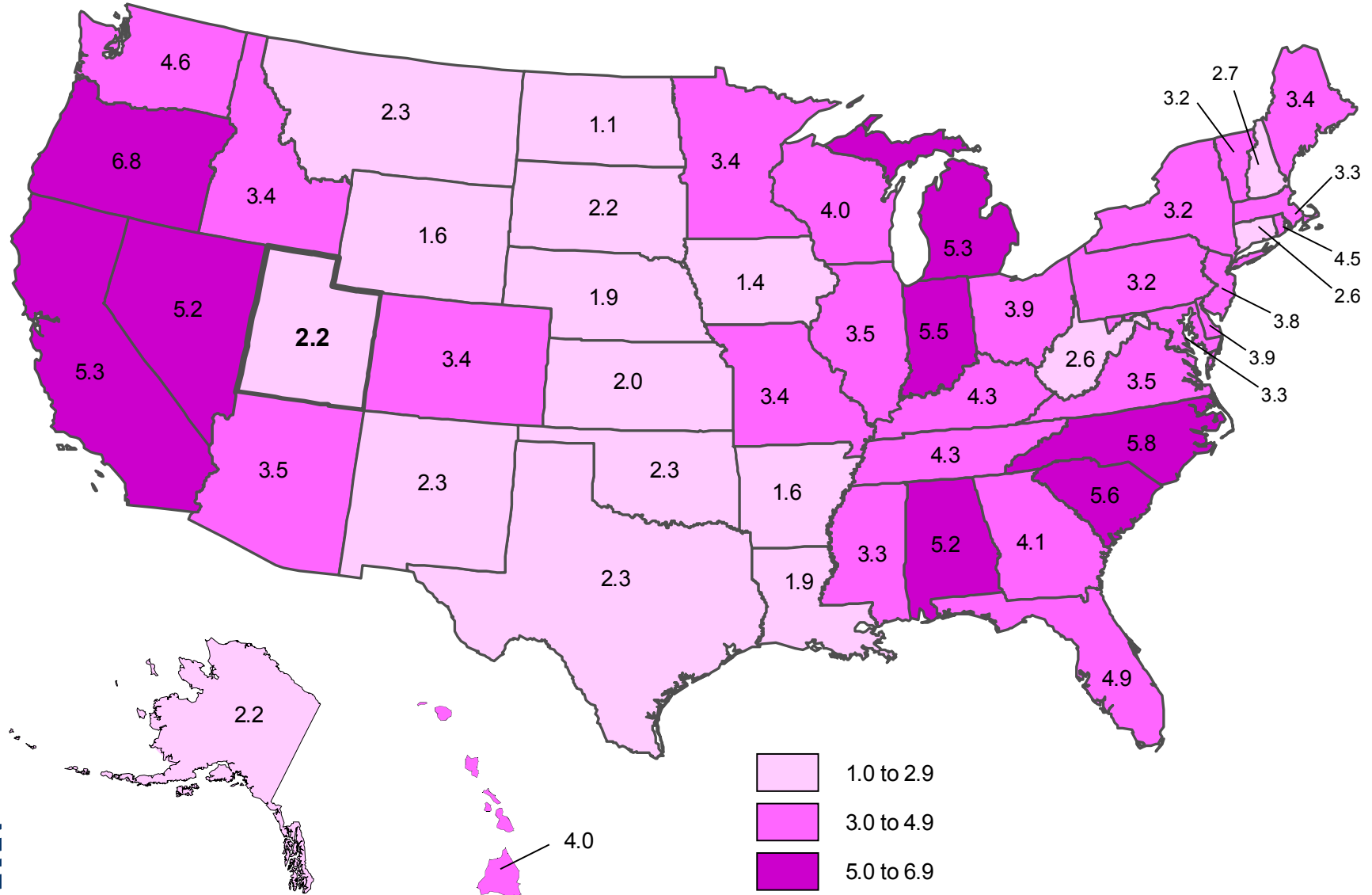
March 2008-2009



Source: U.S. Bureau of Labor Statistics

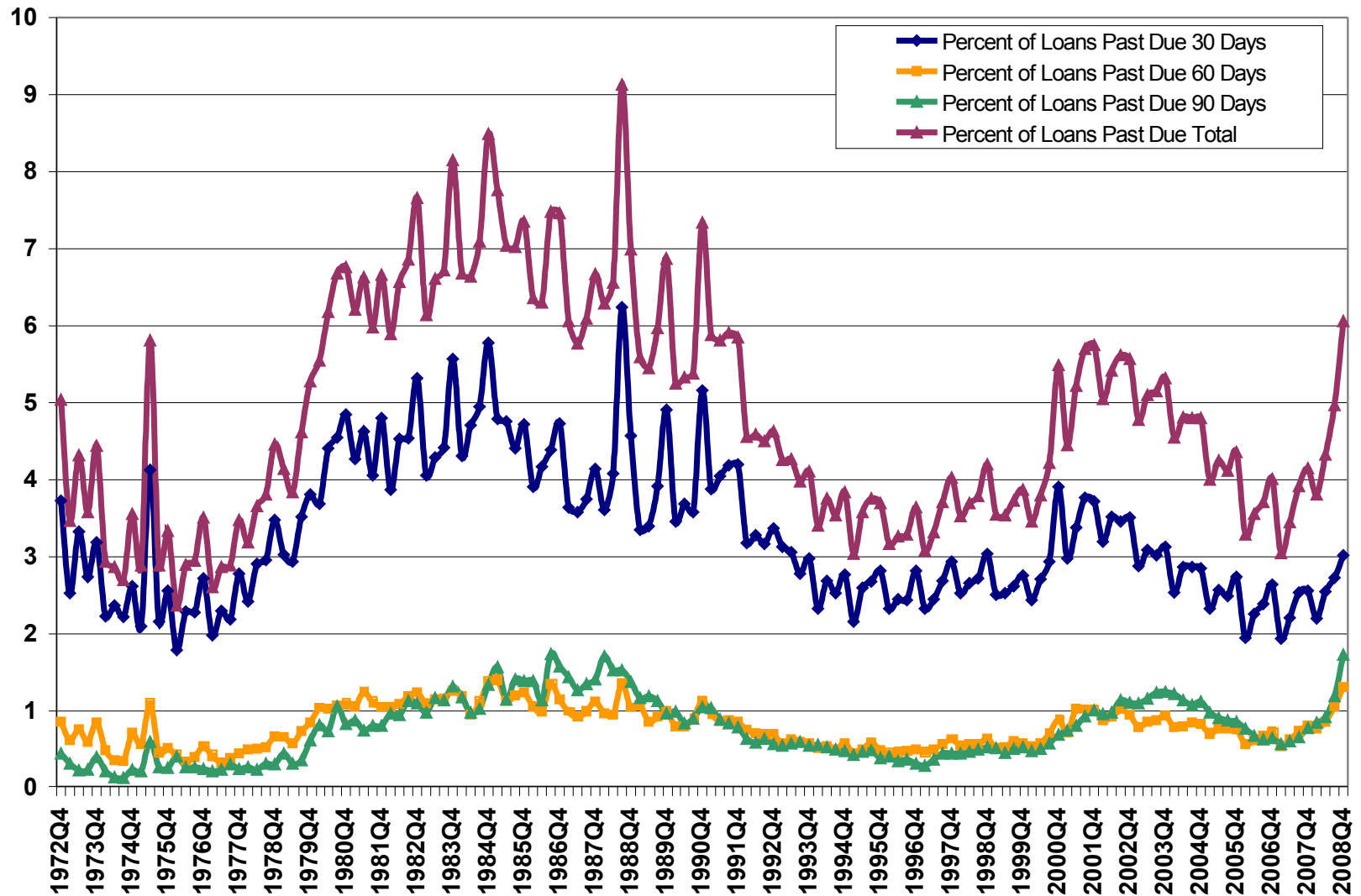
Unemployment Rate Percentage Point *Increase*

December 2007-March 2009



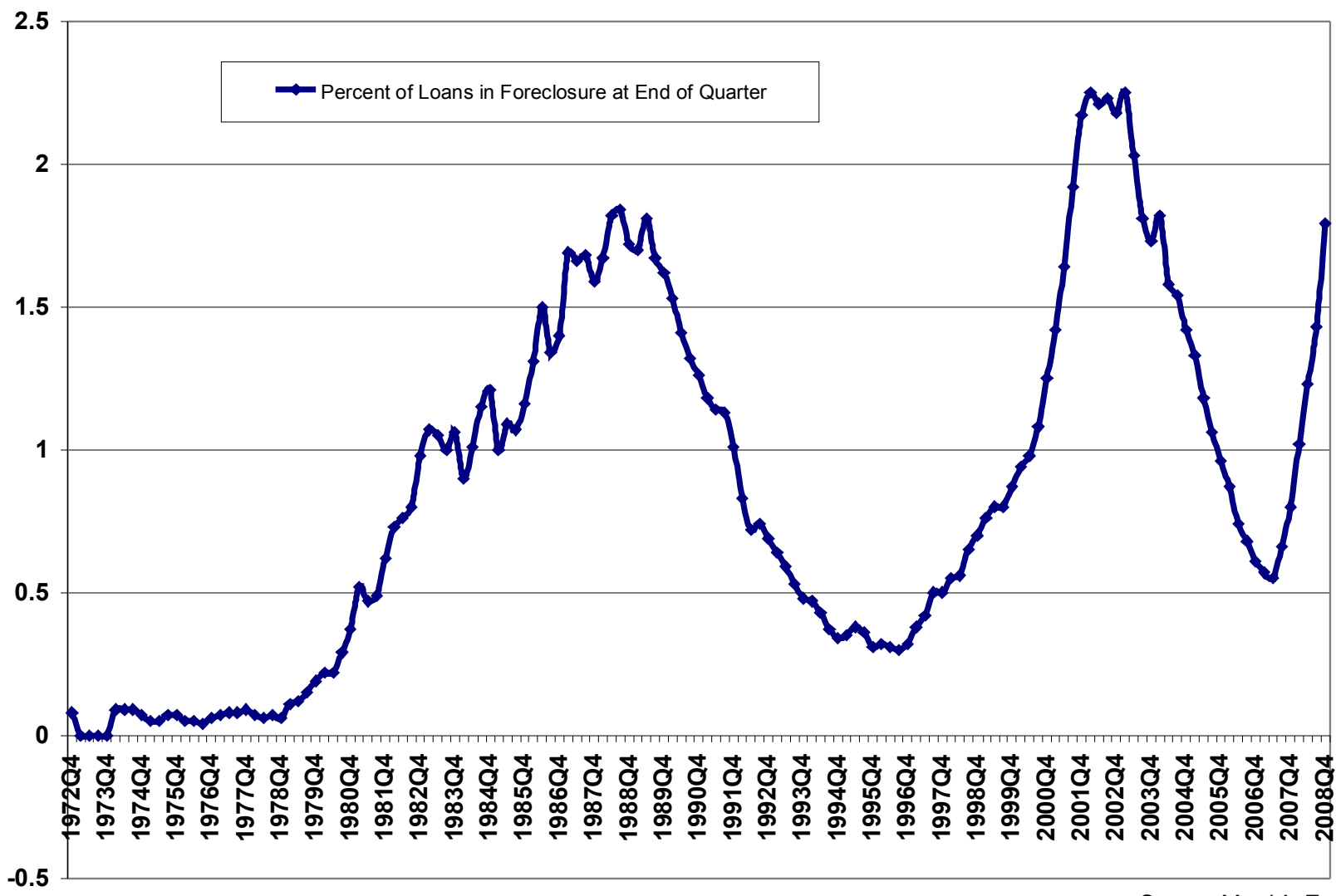
Utah Housing Markets

Delinquencies



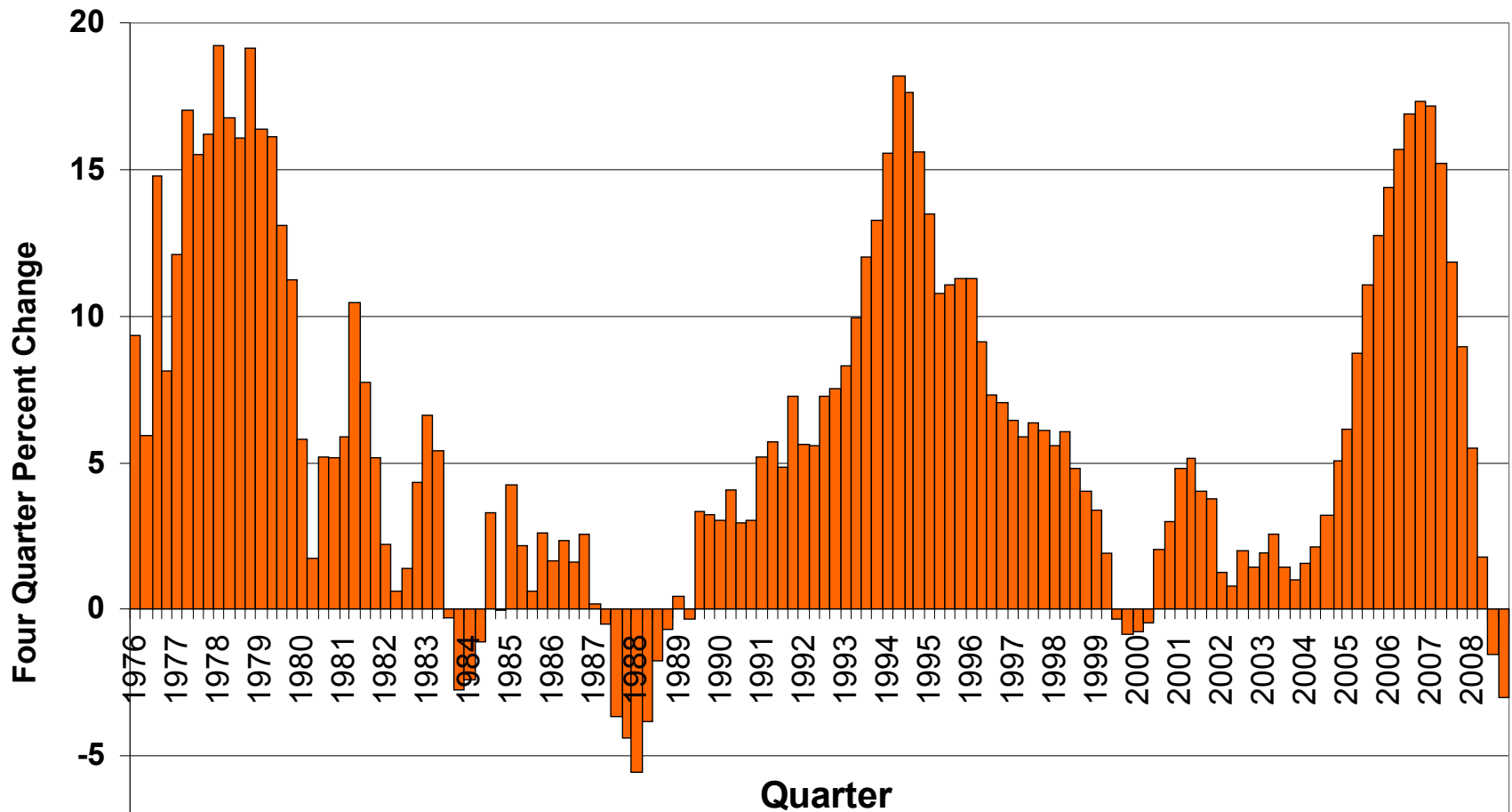
Utah Housing Markets

Foreclosures



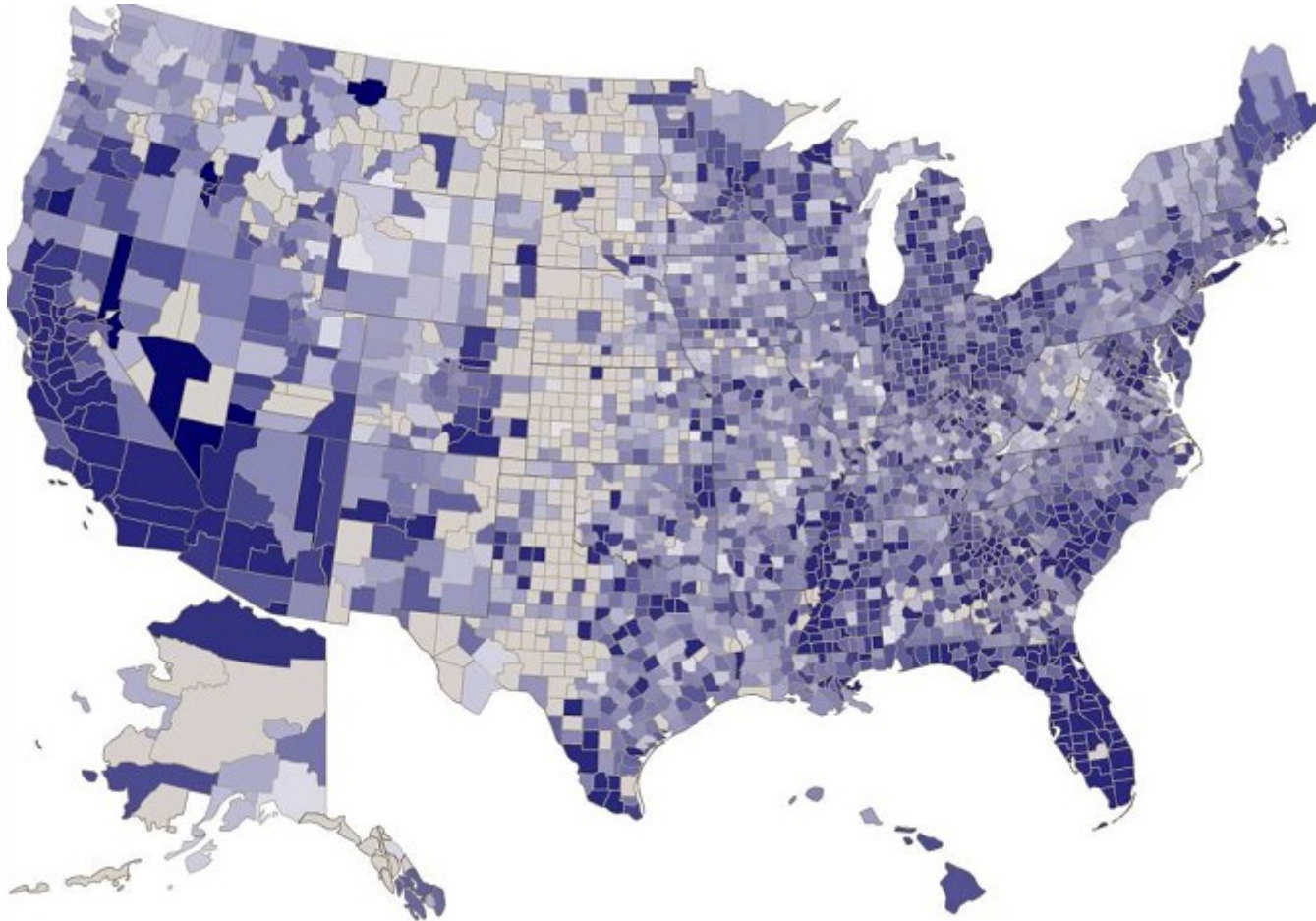
Utah Housing Markets

FHFA Index Percent Change in Home Values



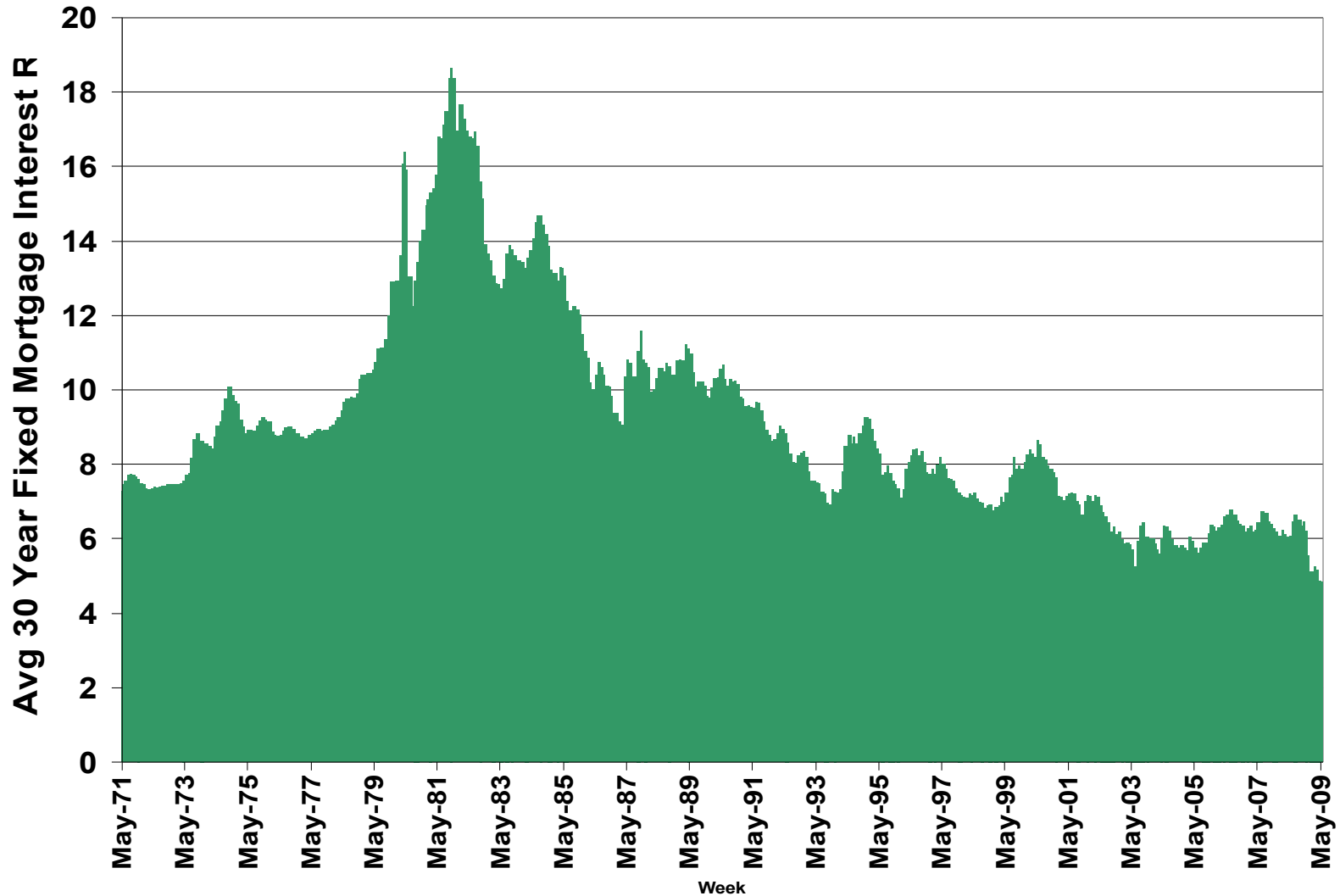
Housing Markets

Delinquencies



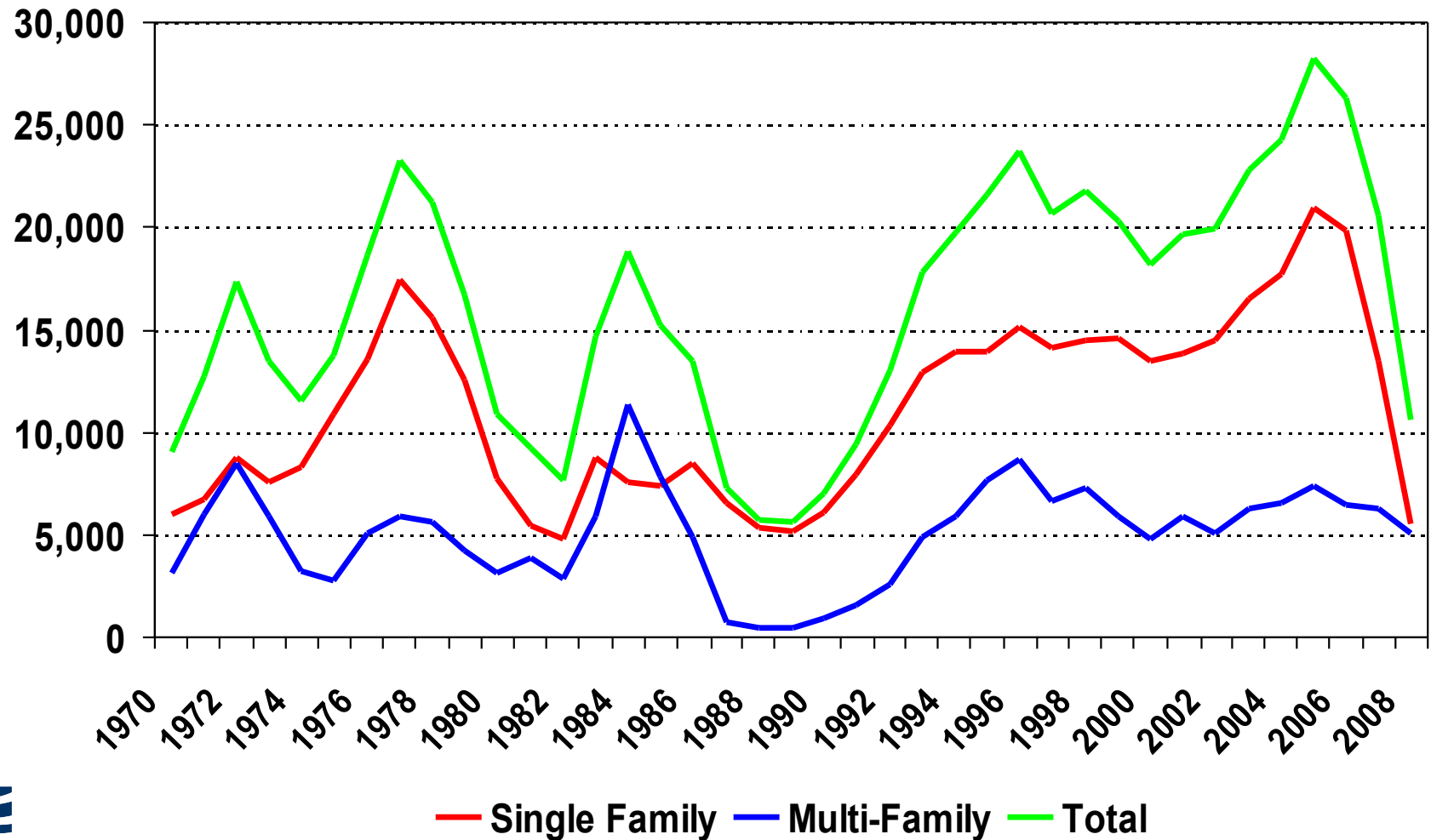
Housing Markets

Mortgage Interest Rates



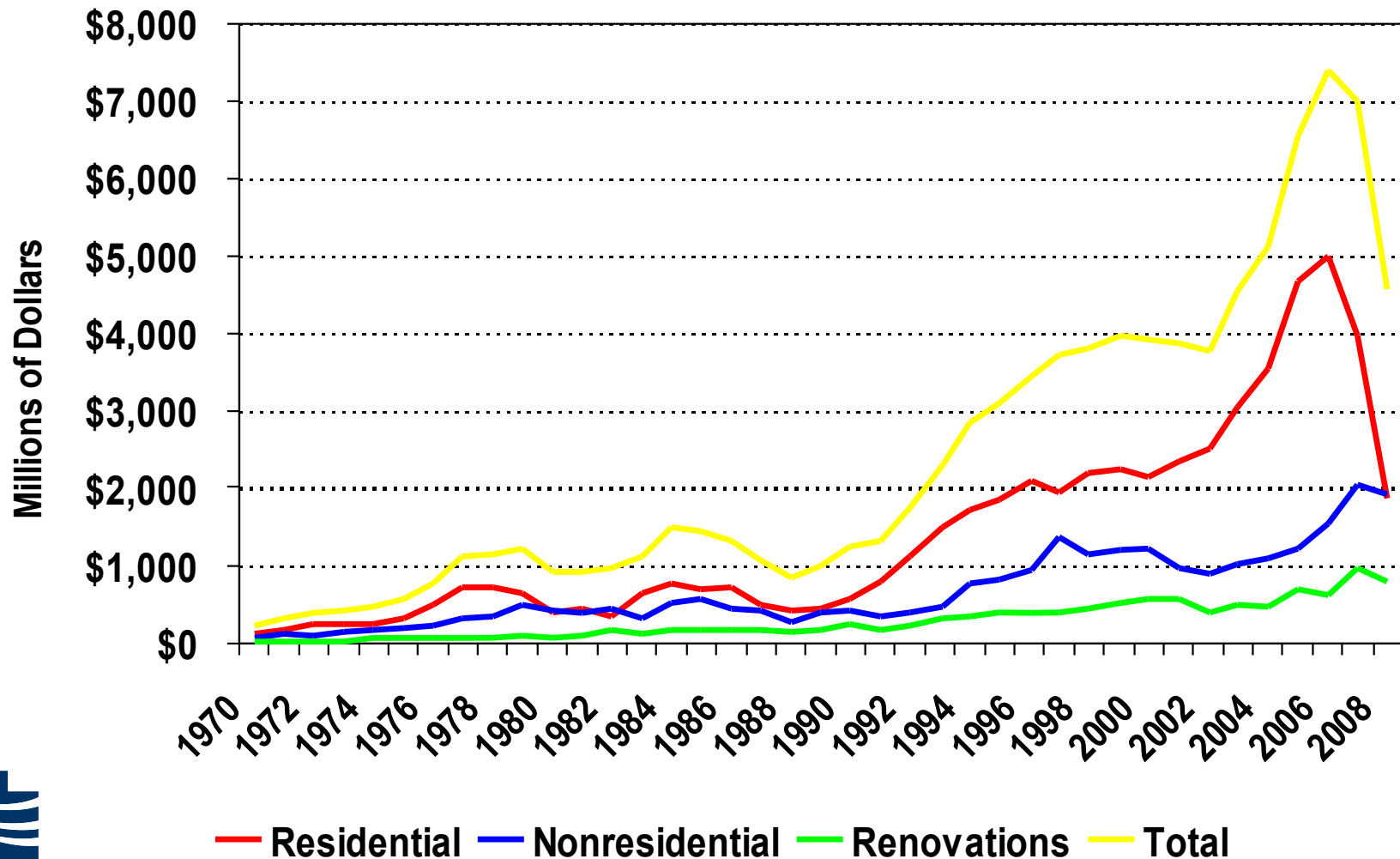
Number of Permit Authorized Residential Units

Single and Multi-Family: 1970 to 2008

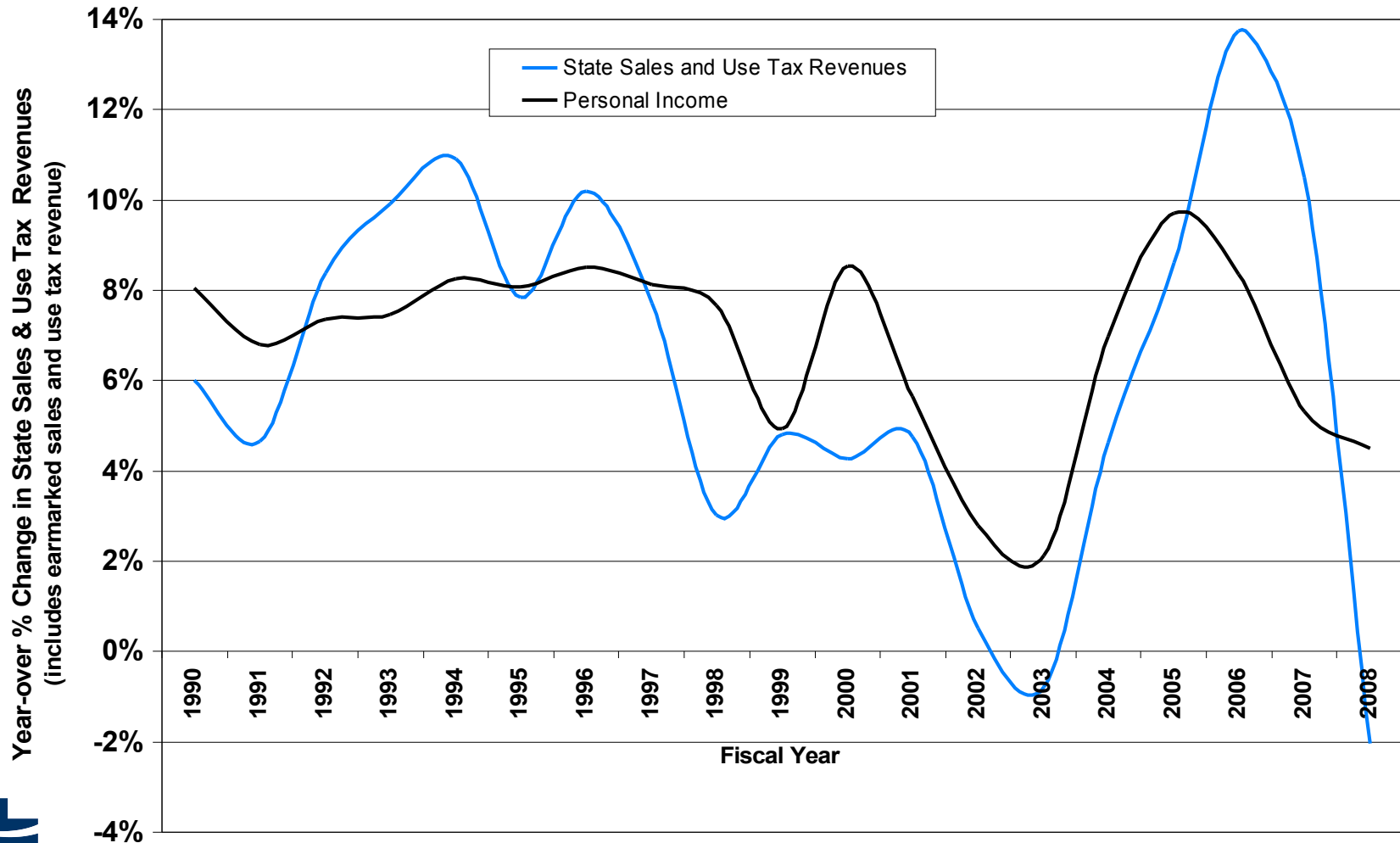


Permit Value of New Construction

1970 to 2008



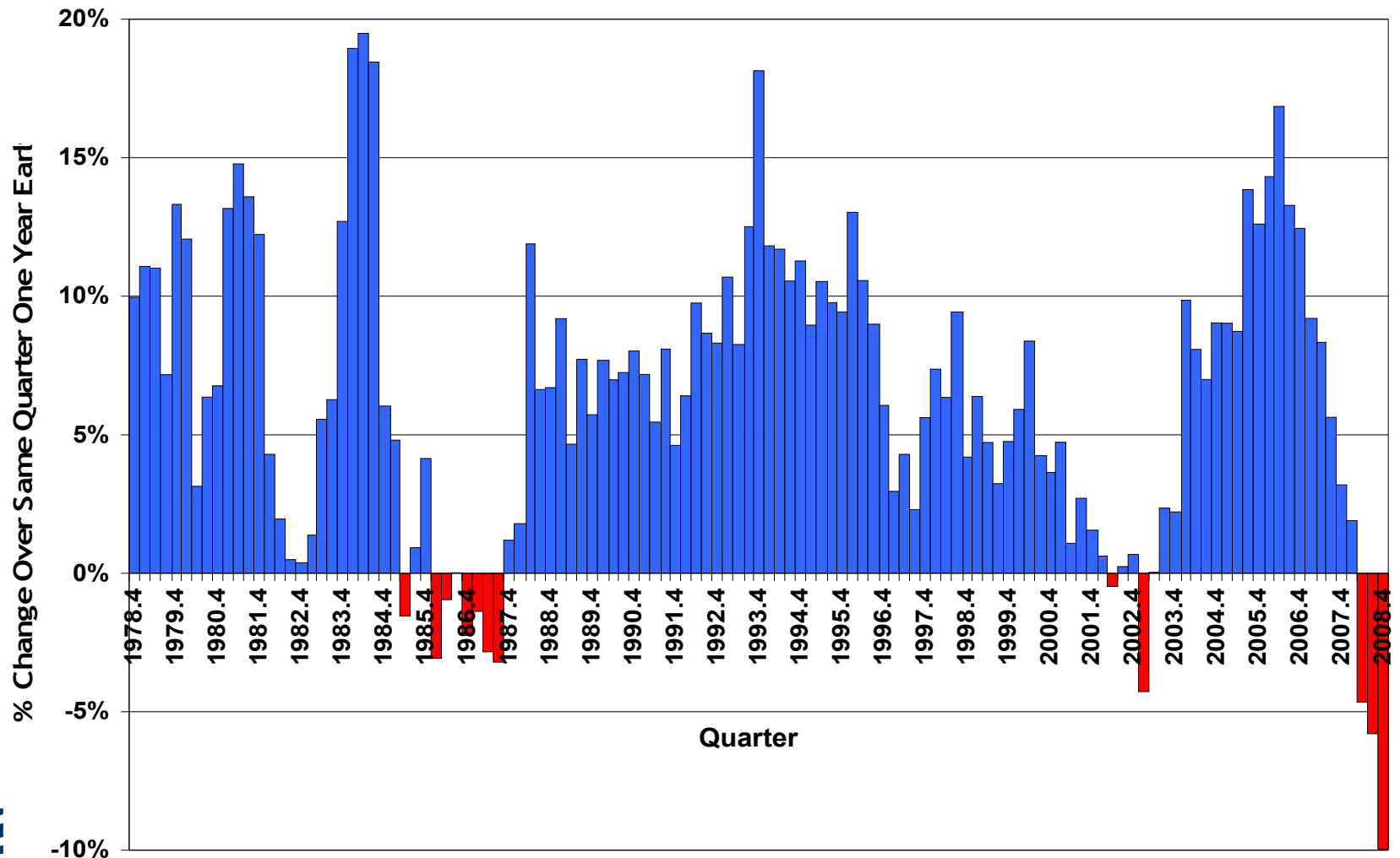
What's Happening With the Sales Tax?



NOTE: Tax REVENUES are affected not only by changes in the underlying economic base for a particular tax, but also legislative and administrative changes

Utah Sales Tax Base

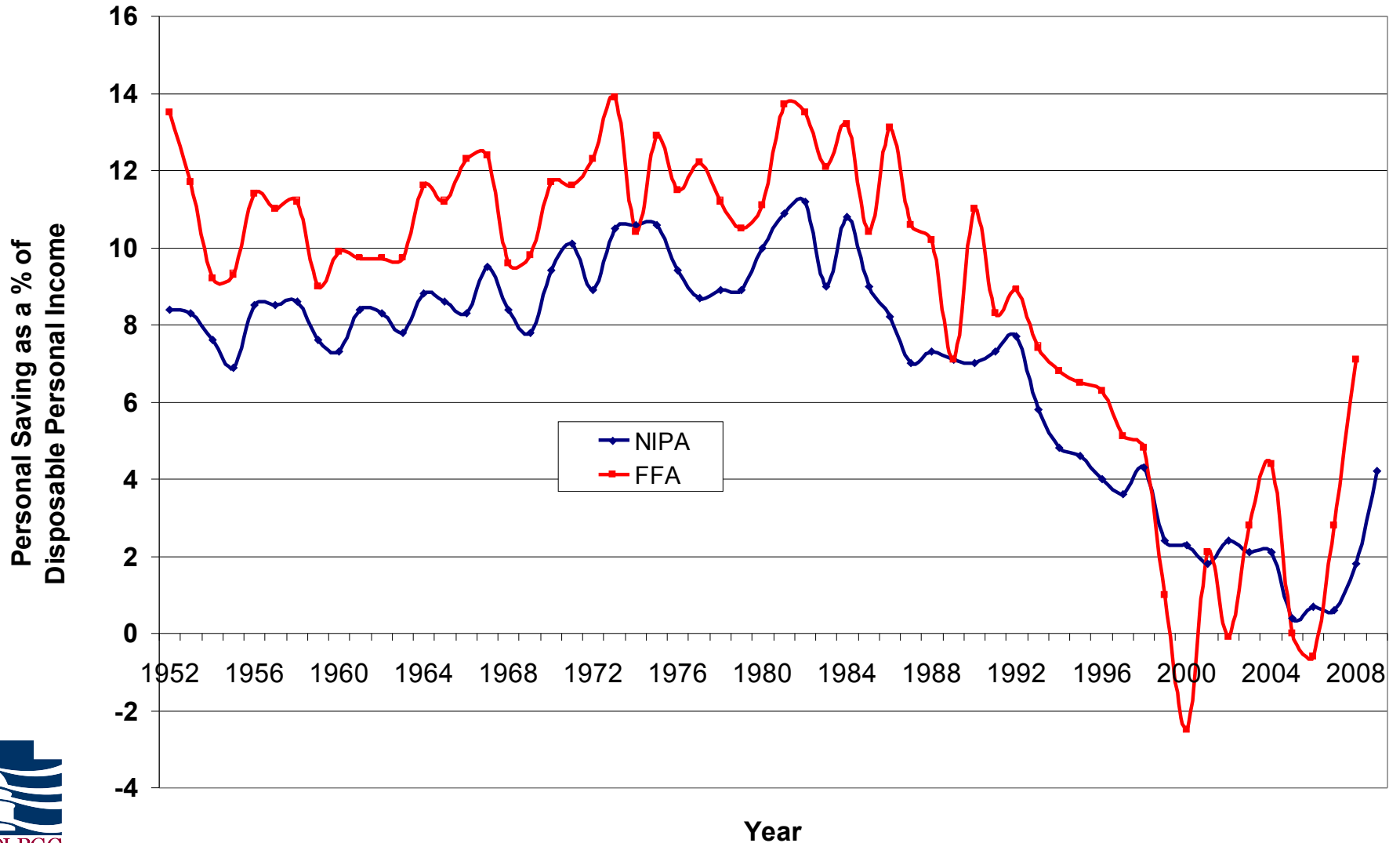
Percent Change in Quarterly Gross Taxable Sales



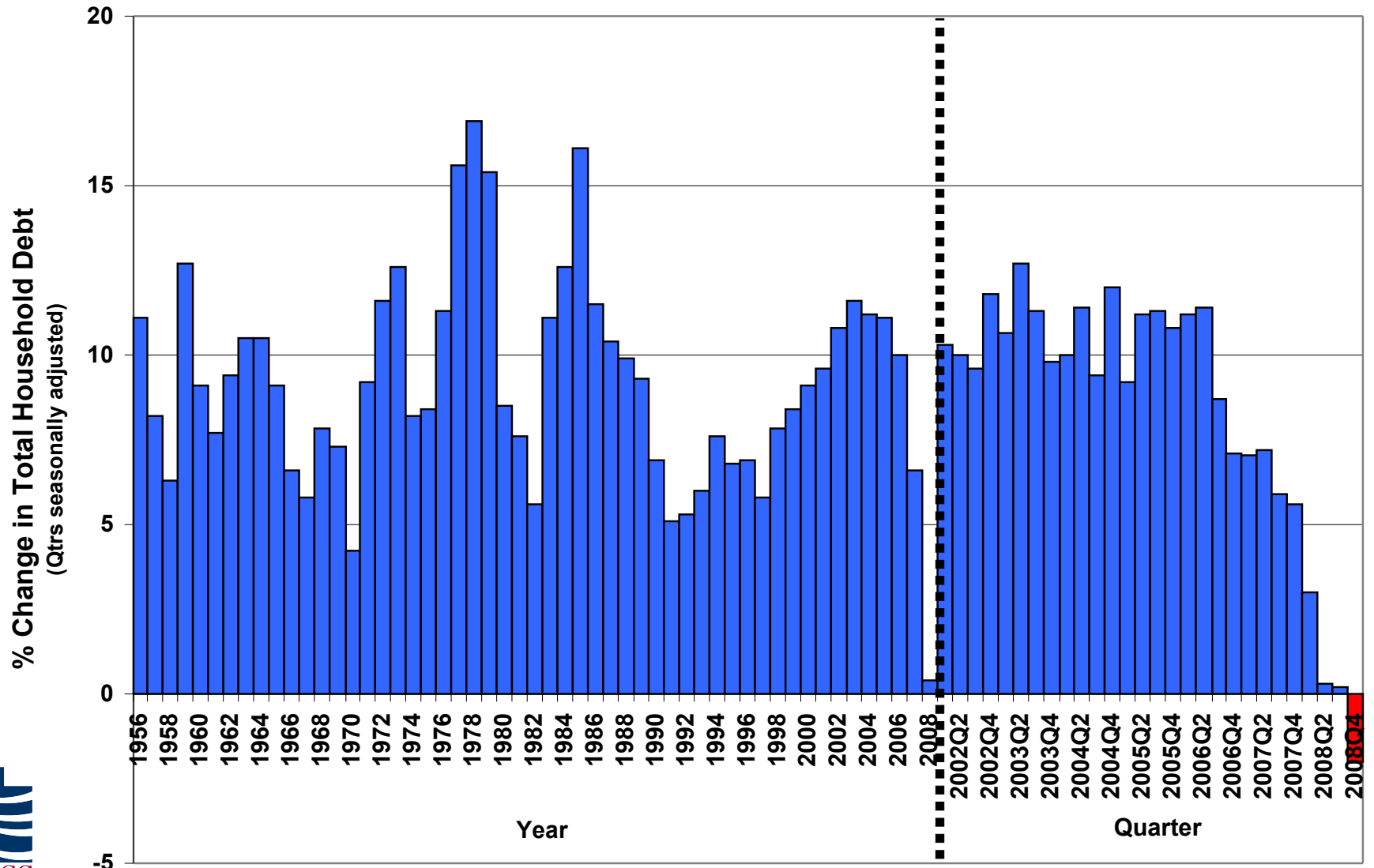
Why Are General Fund Sales Tax Revenues are Declining?

- Changes in consumer behavior
 - Slowing economy – variation among sectors
 - Savings rate increasing
 - Debt levels decreasing
- Tax reductions
 - Sales tax on food
 - General rate reduction
 - Exemptions
- Earmarking
 - Transportation

US Personal Saving

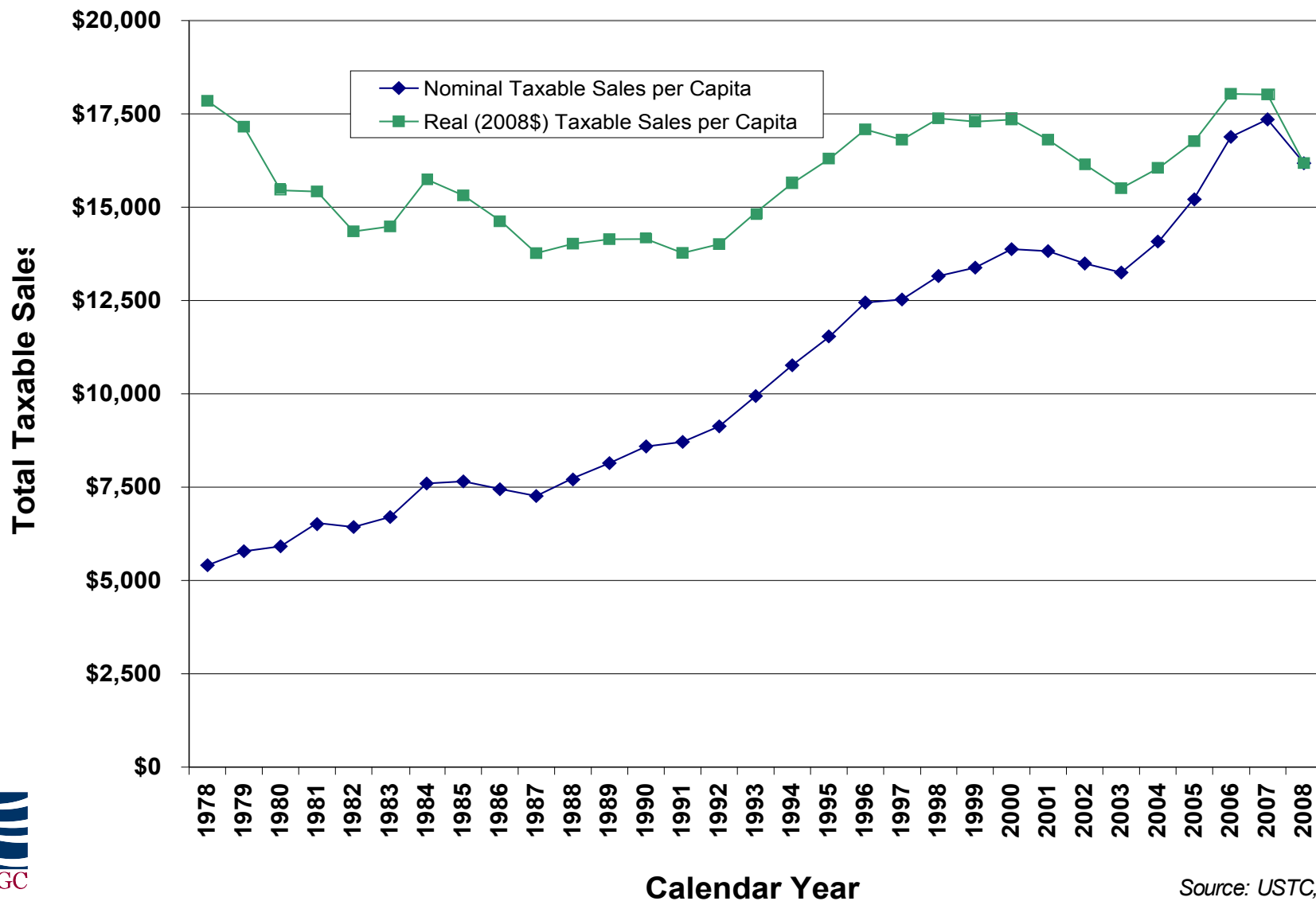


US Household Debt

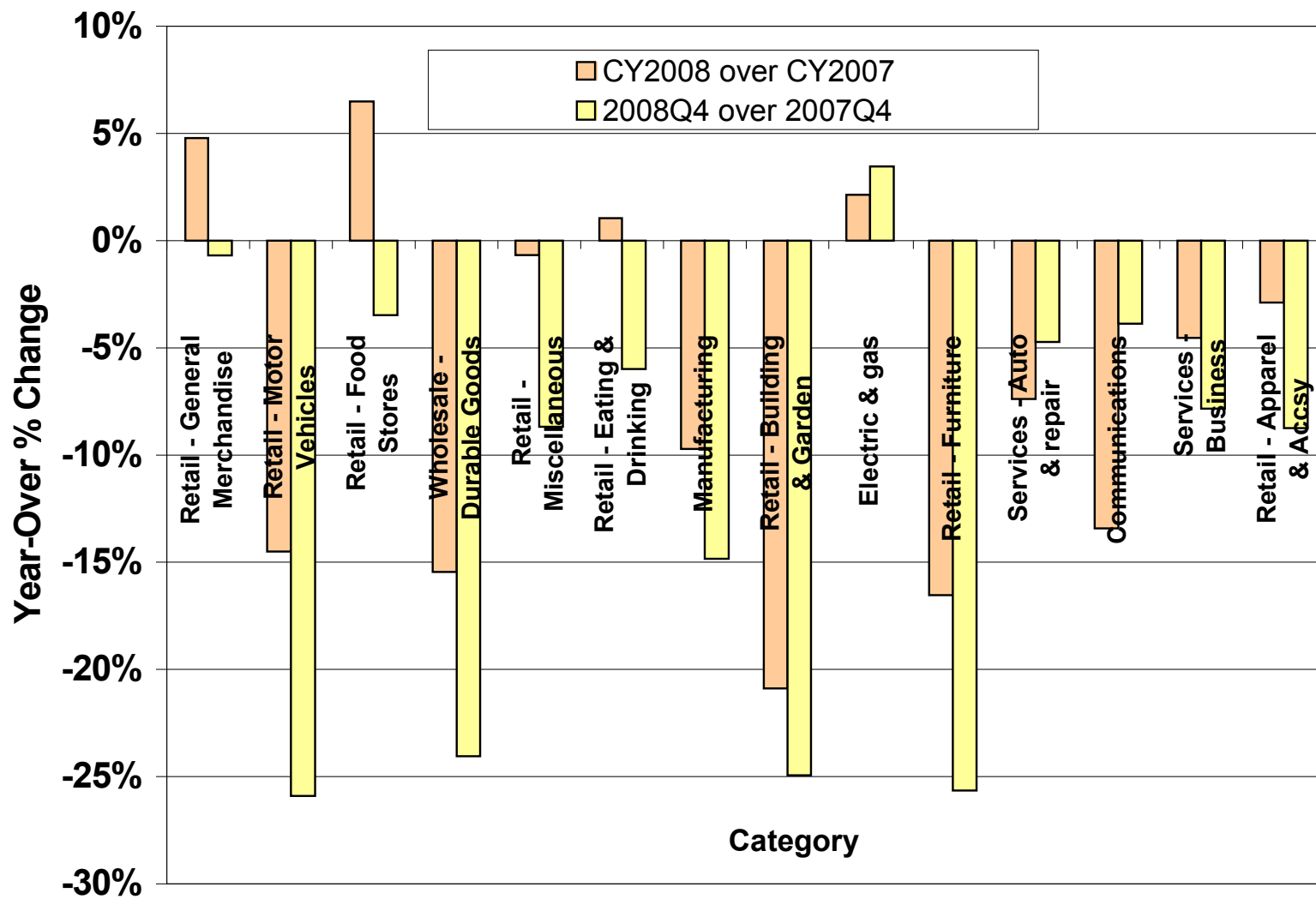


Utah Taxable Sales Per Capita

1978 to 2008

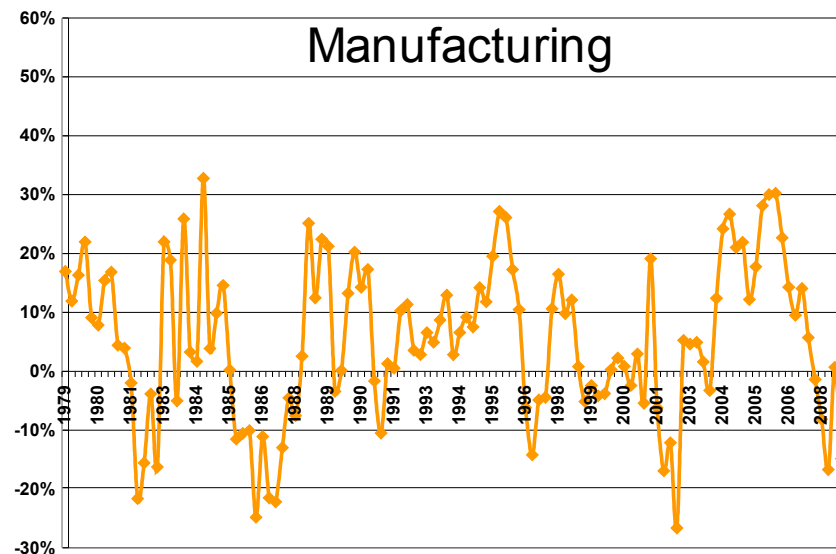
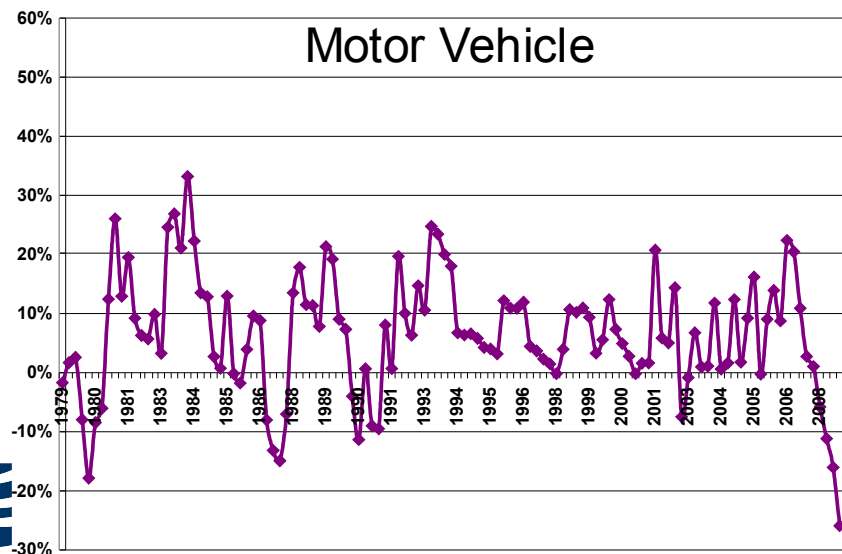
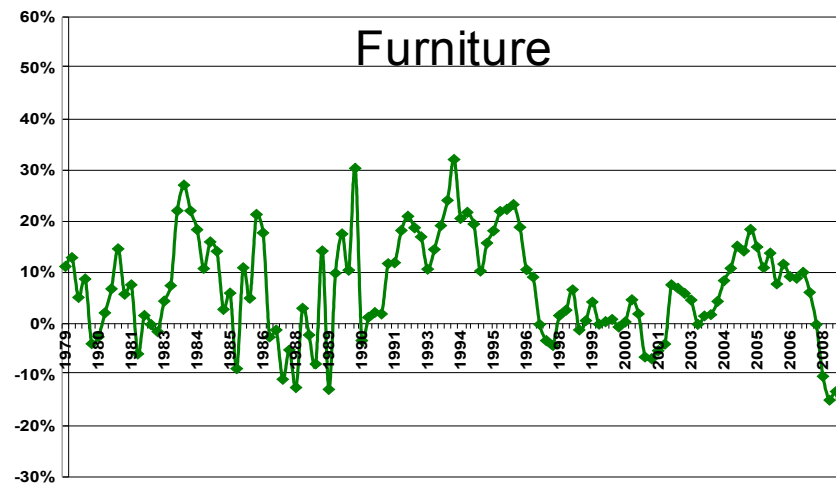
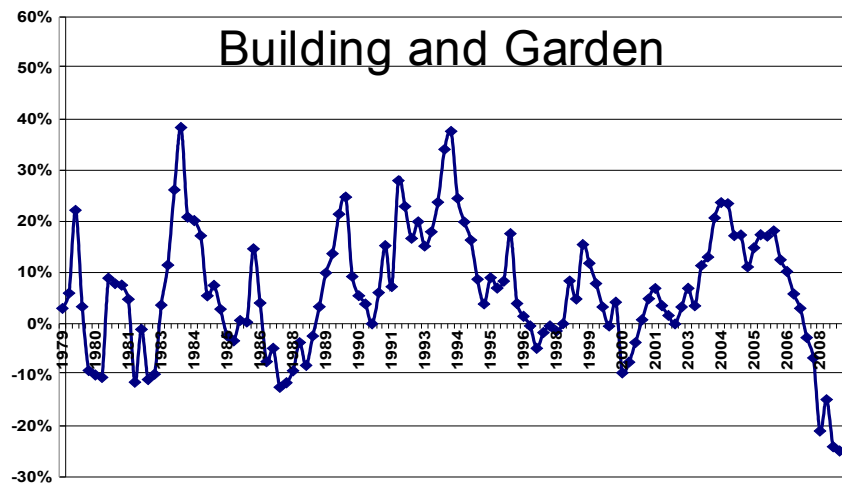


Utah Taxable Sales by Sector



Utah Taxable Sales by Sector

Year-Over Quarterly Percent Change



Current Revenue Collections

TC-23

Major Revenue Source	Projected Percent Change (Full Year)	YTD Percent Change (Ten Months)
Non-earmarked (GF) sales and use tax	-11.2%	-11.1%
Individual income tax	-10.7%	-11.8%
Corporate taxes (franchise/income, gross receipts, radioactive waste)	-32.8%	-35.2%
Beer, cigarette, tobacco taxes	-3.8%	-3.0%
Insurance premium taxes	5.3%	-1.2%
Severance taxes	-6.2%	54.0%
GENERAL AND EDUCATION	-12.3%	-12.1%
TRANSPORTATION	-8.5%	-9.2%

Bottom Line

- Multiple indicators show that Utah's economy has slowed
- Despite this definite slowdown, so far Utah has fared better than many other states